

1977 ANNUAL OPERATIONS REPORT

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This report covers the 1977 lease year for the period of October 23, 1976, through October 24, 1977. The lease described herein is designated as N00-C-14-20-5681 and is being leased by George Warnock on behalf of Todilto Exploration and Development Corporation. The lease is located on 160 acres of Navaho Indian lands. It is located in the N2 of the N2 of Section 13, T13N, R11W, McKinley County, New Mexico. Approximately six acres of land have been disturbed to date, none of which has been reclaimed.

The terrain varies considerably in the area affected by exploration activities. Relief ranges from approximately 7,000 feet in the northwest corner of the lease to almost 7,600 feet in the southeast corner of the lease. The western one half of the lease consists of flat to gently rolling grasslands dotted with a few sparsely populated stands of juniper and cedar. This portion has been moderately grazed by cattle, horses and sheep, and has substantial erosional damage locally as a result. In the northwest corner of the lease, 4.5 acres of land are currently being occupied as a Navaho homestead. The eastern one half of the lease is occupied by the steep talus-covered north slopes of Haystack Mountain. Vegetation ranges from moderately populated stands of juniper and cedar throughout to a few small stands of ponderosa pine near the 7,700 foot level. The primary physical feature in the area is a large water tank and adjoining pipeline system constructed by the Navaho Nation.

No new road construction was initiated in 1977. Some maintenance work was required after torrential summer rains washed out portions of the main access road to the top of Haystack Mountain. Some regrading and reconstruction of water bars was required as a result of these circumstances.

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Out of the 16 holes drilled in 1977, only one required site preparation which required about 225 square feet of soil to be disturbed. No mud pits of any kind were constructed. Drilling was done with a Gardner-Denver 1000, supported by one pipe truck, one water truck and one pickup truck. Ten of the holes were drilled by means of biodegradable foam injection. No damage was done to any trees and no archeological sites were impacted. Vehicles were confined to existing roads whenever possible. To date, approximately five acres of land have been disturbed in 1976 road building efforts and in drilling 87 drill holes. Since 1976, another acre of land has been disturbed.

All 16 exploration drill holes were temporarily plugged with 3-foot long wooden plugs and marked accordingly. Pending exploration efforts in the area necessitate delaying reclamation work on the lease until such time as the project is abandoned.

SUBMITTED:

By: Thomas A. Schack
Geologist

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QUARTERLY 1977 HAYSTACK PROJECT DRILL HOLE SUMMARY

Mining Lease NCO-C-14-20-5681, N2, N2, Section 13, T13N, R11W
McKinley County, New Mexico

<u>Hole Number</u>	<u>Depth to Ls</u>	<u>Depth to Ore</u>	<u>Thickness of Ls</u>	<u>Thickness of Ore</u>	<u>Percent U₃₀₈</u>	<u>T.D.</u>
I-72	70.0	69.5	17.0	1.5	0.010	90.0
I-73	66.0	-	13.0	-	NIL	85.0
I-74	37.0	-	17.0	-	NIL	60.0
I-75	74.0	-	11.0	-	NIL	90.0
I-76	63.0	-	12.0	-	NIL	85.0
I-77	70.0	-	13.0	-	NIL	85.0
I-78	50.0	-	16.0	-	NIL	75.0
I-79	167.0	172.5	13.0	2.0	0.015	185.0
I-80	172.0	-	13.0	-	NIL	190.0
I-81	175.0	-	15.0	-	NIL	195.0
I-82	153.0	-	13.0	-	NIL	175.0
I-83	160.0	-	12.0	-	NIL	175.0
I-84	160.0	-	14.0	-	NIL	180.0
I-85	163.0	-	14.0	-	NIL	180.0
I-86	150.0	-	13.0	-	NIL	180.0
I-87	161.0	170.5	13.0	1.5	0.018	180.0

Note: NIL designates < 0.006 % U₃₀₈

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